



CO-OPERATIVE FEDERATION OF VICTORIA LTD

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27 March 1997

Mr Peter Rogan

Secretary

Victorian Council of Co-operative Housing Societies Limited

3/365 Queen Street

MELBOURNE 3000

Dear Peter,

Following your discussion with David Griffiths on 3 March 1997, I am writing on behalf of the Electric Co-operative Taskforce to inform your council of an initiative that could assist your members and their members achieve savings in the purchase of electricity.

The Co-operative Federation of Victoria Ltd is the peak industry body for co-operatives in this State. Our members are co-operatives that provide services to businesses and consumers in a diverse range of industries including agriculture, energy, fishing, transport, retail, finance and community services.

A discussion paper, *Opportunities for Co-operatives in Electricity Industry Restructuring*, that was released by the Federation last year, identified that small consumers will only benefit from electricity privitisation by aggregating their purchasing power. The paper argues that organisations that act in a co-operative manner and have a member based structure are an ideal mechanism for aggregating this purchasing power.

In response to the discussion paper, the Federation and Co-operative Energy Ltd established the Electric Co-operative Taskforce to investigate the best method for co-operative like organisations to aggregate the purchasing power of their members. At of co-operatives represented on the Taskforce is appended.

The Taskforce is currently undertaking a scoping study to establish the interest of co-operatives, other organisations and electricity retailers in providing aggregation benefits to members. For households this will not be until after the year 2000. To date, the reaction has been very positive.

We believe there is the potential for your members to benefit from this initiative. After 2000, householders will be able to choose the supplier of thier electricity. The bargaining power necessary to achieve cost savings will depend on numbers and volume and therefore it would be sensible to explore the possibilities for mutually beneficial strategic alliances with other organisations such as your Council.

Yours sincerely,

A handwritten signature consisting of a stylized 'A' and a vertical line.

Tony Gill

Secretary